DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 99 — 0 1 6

2. STATE: Kansas

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 1999

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447.253

7. FEDERAL BUDGET IMPACT:
a. FFY 2000 $ 0
b. FFY 2001 $ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19 - A pages 25 & 25a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 4.19 - A page 25

10. SUBJECT OF AMENDMENT:
Methods and standards for establishing payment rates - Inpatient Hospital Care

11. GOVERNOR'S REVIEW *(Check One)*:

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED:
Janet Schalansky is the Governor's Designee

12. SIGNATURE OF STATE AGENCY OFFICIAL:
Janet Schalansky

13. TYPED NAME:
Janet Schalansky

14. TITLE:
Secretary

15. DATE SUBMITTED:
12/20/99

16. RETURN TO:
Janet Schalansky, Secretary
Kansas Dept. of Social & Rehabilitation Services
Docking State Office Bldg.
915 SW Harrison, 6th Floor
Topeka, KS 66612

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
12/23/99

18. DATE APPROVED:
JAN 23 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
10/01/99

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Thomas W. Lenz

22. TITLE:
ARA for Medicaid and State Operations

23. REMARKS:

cc:
Schalansky
Day
Braman

SPA CONTROL

Date Submitted 12/20/99

Date Received 12/23/99

FORM HCFA-179 (07-92)

Instructions on Back

Substitute p~ memo dtd 1/12/01

KANSAS MEDICAID STATE PLAN

Methods and Standards for Establishing Payment Rates - Inpatient Hospital Care

2.5720 Payment for Second and Subsequent Interim Billings

At the time of each interim bill after the first, an outlier payment amount will be determined using the cumulative cost and days since the date of admission through the last service date included in the current interim billing. One of the following two situations may occur:

Up to 360 Days: Up until 360 days of continuous staff, the Department will authorize the fiscal agent to pay the higher of cost and day outlier amounts for each interim bill.

Longer than 360 Days: When the stay becomes longer than 360 days, only day outlier payments will be made.

2.6000 Settlements and Recoupments

There shall be no year end settlements under the DRG reimbursement system. However, some settlements and recoupments may occur because of Surveillance/Utilization Review or other reviews which determine that payments were in error.

3.0000 General Hospital Reimbursement for Inpatient Services Excluded from the DRG Reimbursement System.

Reimbursement for heart, liver and bone marrow transplant services shall be excluded from the DRG payment system. Reimbursement for these transplants shall be based upon the lesser of reasonable costs or customary charges, contingent upon transplant surgery. An annual settlement shall be made. For services provided prior to the transplant surgery, or if transplant surgery is not performed, reimbursement shall be made according to the DRG payment system.

In circumstances where traditional hospitalization is not required to manage the care of a patient, but long term sophisticated technical patient care will be necessary and no placement can be found at the DRG rate, the agency may contract with specialty hospitals at a negotiated rate. Specialty hospitals are defined as acute long-term care facilities with a length of stay over 25 days. The State shall request from the specialty hospital a proposed daily rate that they want to be reimbursed. The state shall negotiate with the specialty hospital regarding this rate, but in no case shall the final rate be any greater than the outlier payment rate to the hospital under the DRG system. The outlier payment rate is defined above to be 75% of the average daily rate for each DRG.

4.0000 Reimbursement for Inpatient Services in State Operated Hospitals

Reimbursement for inpatient services in state operated hospitals shall be based upon the lesser of reasonable costs or customary charges for covered services rendered to eligible individuals.

4.1000 Hospital Changing From a General to a State Operated Hospital

If a hospital changes from a general to a state operated hospital, claims shall be paid as shown below.

a) Patients admitted prior to the effective date of becoming a state operated hospital shall be paid as a general hospital.

JAN 25 2001

Substitute pg memo rec'd 1/12/01

KANSAS MEDICAID STATE PLAN

b) Patients admitted on or after the effective date of becoming a state operated hospital shall be paid as a state operated hospital.

4.2000 Malpractice Costs in a State Operated Hospital

Medicaid malpractice cost shall be determined by dividing the risk portion of malpractice cost by total hospital charges and multiplying the result by allowable Medicaid charges. This shall be used for all cost report periods ending on and after 7/1/91.